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SECURITY INFORMATION

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15 January 1953

MEMORANDUM FOR THE NATIONAL SECURITY COUNCIL

SUBJECT: Report by the Director of Central Intelligence

Basic Organization

The major organizational changes directed in NSC 50 were substantially carried out during 1951, as outlined in my previous report of 23 April 1952. In 1952, there were additional organizational rearrangements reflecting the experiences of the past three years. There is attached, marked Tab A, a group of three charts showing the organization of the Central Intelligence Agency as of October 1950, as of 31 December 1951, and as of 31 December 1952. A comparison of these charts will indicate the general nature of the changes made during these periods, which cover my tenure as Director.

Specifically, in order to sharpen the organization of the Agency into the three major fields of responsibility -- Intelligence, Operations, and Organization -- there was established during 1952 the Office of Deputy Director (Intelligence). This officer

* N. B. Sentences or sections marked with an asterisk are not based on office contributions.

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has relieved the Deputy Director of Central Intelligence of direct responsibility for supervision of subordinate intelligence offices, and has assumed from the Deputy Director (Plans) jurisdiction over the Office of Operations, which is responsible for the overt and semi-overt collection activities of the Agency but which was relieved of responsibility for defector and returnee programs overseas, the latter remaining under the Deputy Director (Plans). A subsidiary result of this change has been a marked improvement in the tailoring to consumer needs of the work of the Office of Operations.

A second important change has been the creation of the Office of Inspector General, reporting directly to the Director of Central Intelligence. This office is of peculiar importance in view of the high degree of compartmentalization involved in the work of this Agency.

In order to establish a single chain of command from Washington to the field organizations, the Agency clandestine activities were reorganized in 1952. The new structure eliminated duplicate command from separate offices and established under the Deputy Director (Plans) staff elements specializing in secret intelligence and counterespionage, political and psychological warfare, paramilitary operations, technical support, and administration.

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In attacking the continuing problem of attracting and properly using high caliber personnel, the Agency took a significant step during 1952 in the activating of a Career Service Program. While this is still in its infancy, it provides the best machinery possible for creating the "fourth service" ^{*should become**} intelligence. In line with this objective, the Agency has greatly expanded and improved its training activities, both of a specialized character and of a broad character aimed at junior officers and including such features as on-the-job training and specified military duty in appropriate cases.

Intelligence Production

The Office of National Estimates has produced a total of _____ intelligence estimates of national concern during 1952, _____ in 1951. An increased number of these have been responsive to specific demands by the Council or departmental policy makers, but there continues to be a need for improvement in the guidance and statement of needs provided by users of national intelligence. ^{*} moreover, the national estimates process has now achieved a degree of maturity that warrants more thoroughgoing familiarity with and acceptance of its results than appears sometimes to be the case in policy circles. [†] As regards the intelligence community itself, moreover, substantial steps have been taken to conduct post-mortem examinations of ^{*selected*} estimates with an eye to remediable ^{*deficiencies*} ~~defects~~ in intelligence, and to prepare production programs for estimates of a stable and long-term

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character so that the research and production effort of departmental agencies can more effectively contribute to estimates and relate to the work of other departmental agencies.

In economic matters related to the Soviet Bloc, the Office of Research and Reports has made great progress during 1952 in its own efforts and in coordinating the efforts in this field of the many other agencies of the Government that can play specialized parts. The Economic Intelligence Committee has produced a total of 10 research studies of substantial importance, of which four were coordinated with the [REDACTED]. The Committee has also undertaken a number of surveys to improve the research and collection activities of the intelligence community. O/RR itself has greatly increased its emphasis on basic economic research on the Soviet Bloc, and has programmed its work through 1953 to produce nearly 500 significant studies. In specific support of the NSC's Economic Defense Advisory Committee (dealing principally with East-West trade) there has been constituted an Intelligence Working Group, which is providing satisfactory service.

In the production of scientific and technical intelligence, an inter-agency survey during 1952 resulted in a much clearer definition of responsibility as between CIA and other agencies and in the establishment of a Scientific Estimates Committee designed to

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integrate scientific intelligence opinions for the purposes of national intelligence. The effectiveness of these rearrangements will be re-examined during 1953.

The Office of Current Intelligence has continued to serve the President, the members of the Council, and appropriate offices of the Government with all-source intelligence on a current basis.

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[REDACTED] a special committee completed its survey and the Council has adopted its recommendation that there be created a new National Security Agency reporting to the Secretary of Defense. *

As a service of common concern, the Agency has made substantial progress in building up its central reference facilities, which represent the only comprehensive central reference system in the intelligence community and which are operated for the benefit of persons engaged in intelligence research and in the IAC agencies.

Operational Activities

The Agency continues to have specific operational missions under NSC 10/5 (cold war covert activities), NSC 26/5 ([REDACTED]), NSC [REDACTED] and NSC 66/1 (handling of defectors). These are reported on separately to

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the Council. Of these, only the work under NSC 86/1 has a direct relation to intelligence. * The work under NSC 10/5 particularly has continued to be of very great proportions and the proposed FY 1954 budget provides _____ times as much for this as for all intelligence activities of the Agency. *

As stated in my last report, these activities are very largely responsible for the very great expansions that have taken place, though at a somewhat slower rate in 1952, in the Agency's budget and personnel strength. *

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_____) Moreover, the prediction in my last report, that these activities would inevitably militate against the performance of primary intelligence functions, has been borne out during the past year by the continued drawing off of top intelligence officers _____

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Although it is recognized that the divorce of these missions from other covert operations is extremely difficult and that there is no other agency to which they could conceivably be transferred in toto, the Agency and the Council must give early consideration to this problem. * It may be noted that NSC 50 (para. 1 (c)) visualized the transfer of certain functions to the military in time of war. * In the present state of mobilization and military organization

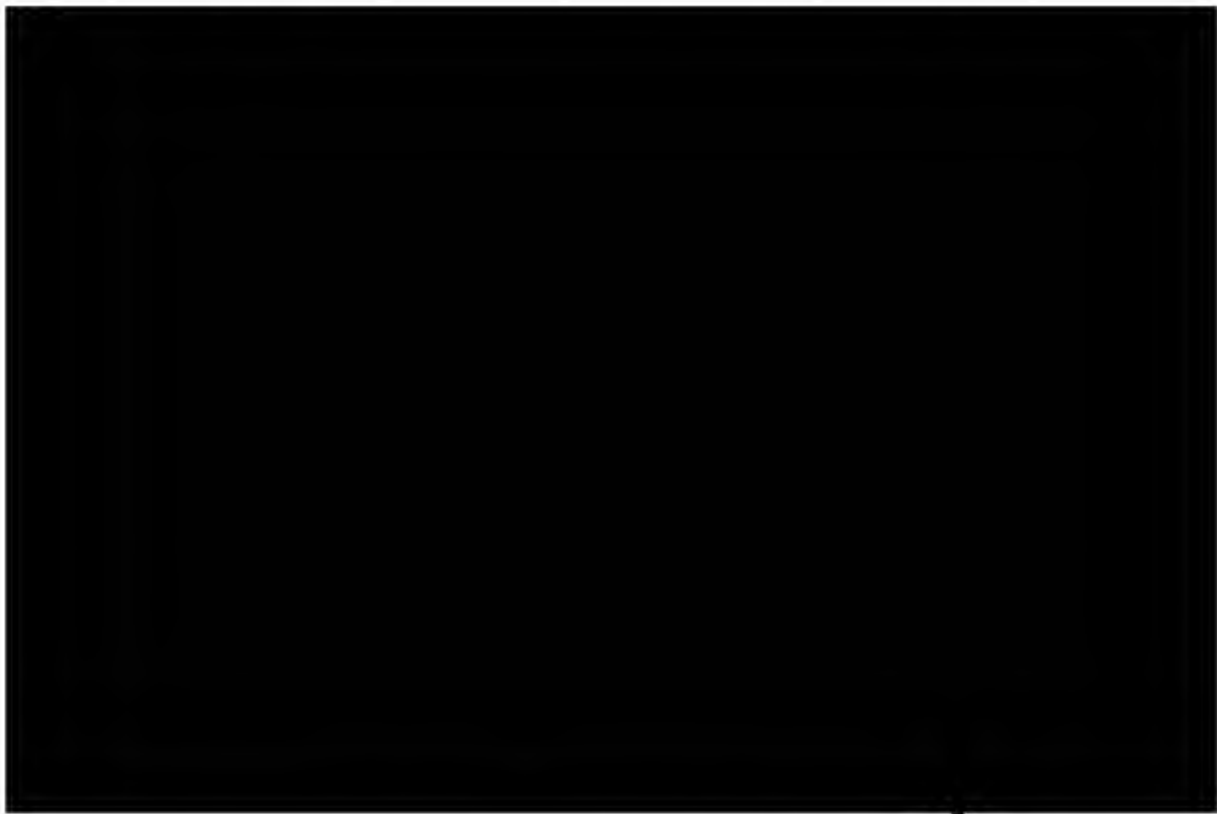
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there are strong arguments for considering such a transfer of paramilitary operations at the present time.

Unsolved Problems

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2. Intelligence and operational assumptions. As Western strength increases, intelligence estimates of what the Soviet Bloc can do, particularly by military action, are increasingly meaningless unless based on knowledge or assumptions concerning Western strength and possible counteraction. Thus, in one conspicuous case

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during 1952, a national intelligence estimate of Soviet air defense capabilities was reduced finally to an inventory of Soviet assets, with no firm conclusions, in default of any assumptions concerning US attack capabilities. Although there has been some progress during the past year in providing operational assumptions on a limited scale for particular estimates, there remains a serious need for far greater cooperation between intelligence and operations. The Council's recent directive for a more adequate evaluation of the USSR's net capability to inflict direct injury on the United States represents a major case for which special machinery was appropriate. In cases of less scope, some form of continuing arrangement within existing machinery should prove adequate.

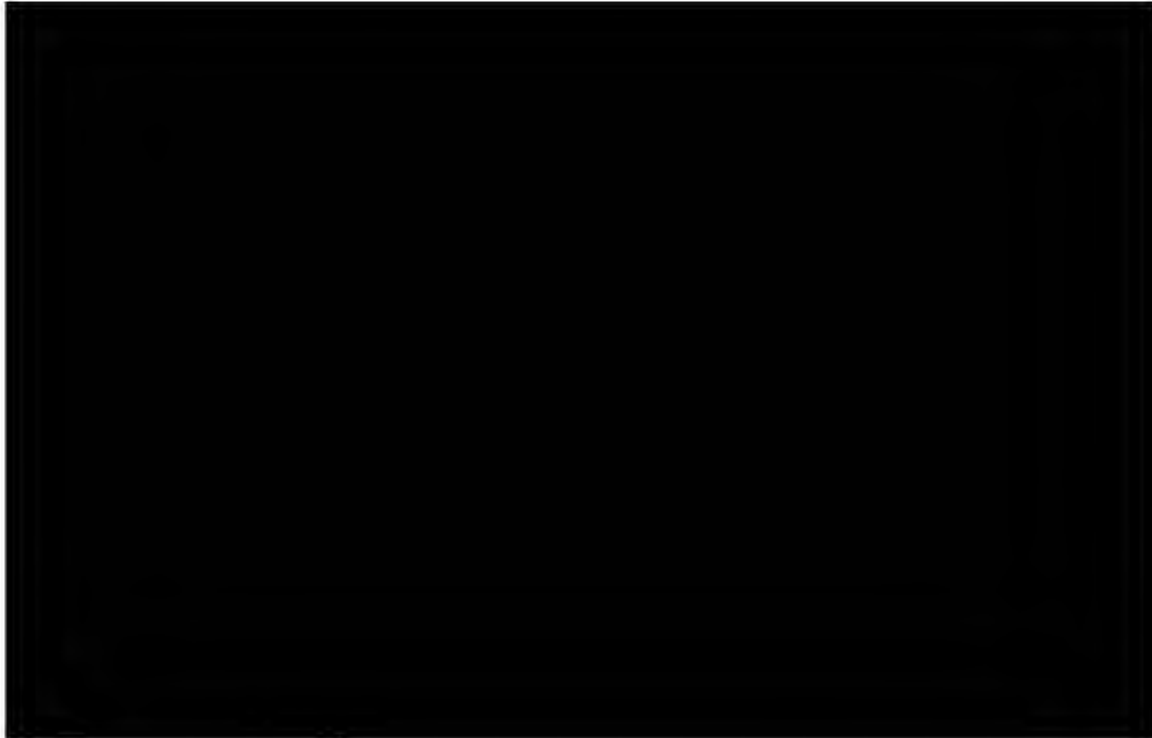
3. Security. The Agency has continued to exercise maximum diligence in this respect, and I remain convinced that it is at least as secure as any activity of the Government. I continue to believe that security could be further improved by housing many of our activities in a single secure building, for which funds have been authorized but not yet appropriated.

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Conclusion

Over the past two years, I believe the Agency and the intelligence community have made great strides forward, particularly in organization and to some degree in caliber of personnel. However, as stated in my last report, I do not believe that the present United States intelligence system, or any instrumentality the United States is presently capable of providing, including the assets of friendly states, can presently overcome Soviet security precautions to the point of providing strategic intelligence on the Soviet Bloc with the degree of accuracy and timeliness the

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Council should have. Moreover, advance warning of hostile Soviet Bloc action is likely to be severely limited. These limitations on intelligence effectiveness exist in spite of the best efforts of the Agency and of the departmental intelligence agencies for which, in intelligence production, the Central Intelligence Agency serves chiefly as an assembling plant.

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